



DRAFT

**CITY OF SCOTTSDALE HOUSING BOARD
REGULAR MEETING
ONE CIVIC CENTER
3RD FLOOR CONFERENCE ROOM
7447 EAST INDIAN SCHOOL ROAD
SCOTTSDALE, ARIZONA
AUGUST 29, 2006**

PRESENT: Del-Monte Edwards, Chairman
Joe Priniski, Vice-Chairman
Nancy Cantor, Board Member (departed 6:53 p.m.)
George Leonard, Board Member
Gary Morgan, Board Member
Sheldon Sigismund, Board Member
Michele Swinick, Board Member

STAFF PRESENT: Raun Keagy, Neighborhood Services Director (arrived 6:29 p.m.)
Judy Register, C & SR General Manager (departed 5:45 p.m.)

1. CALL TO ORDER/ROLL CALL

Chairman Edwards called the regular meeting of the Scottsdale Housing Board to order at 5:05 p.m. A formal roll call confirmed the members present as stated above.

2. REVIEW AND APPROVAL OF PREVIOUS MINUTES

July 18, 2006 Housing Board Meeting

BOARD MEMBER LEONARD MOVED FOR APPROVAL OF THE JULY 18, 2006 HOUSING BOARD MEETING MINUTES. BOARD MEMBER MORGAN SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY BY A VOTE OF SEVEN (7) TO ZERO (0).

3. SKYSONG PHASE III (Follow-Up and Discussion of Revised Design)

Ms. Register apologized for not removing the SkySong Phase III presentation from tonight's agenda. since they canceled the August 8, 2006 meeting, and the

Development Review Board approved the revisions to SkySong Phase III at the August meeting.

In response to Board Member Morgan's inquiry, Ms. Register reported that City Council did receive the Housing Board's letter regarding SkySong. She further stated that she did not know when SkySong is scheduled to go before City Council.

Board Member Sigesmund argued that not being able to review the SkySong Phase III project tonight was very unfortunate. Given the fact that City Council has not yet decided to approve the project, the Housing Board would be missing the opportunity to prepare a letter expressing their views on SkySong's revisions approved by the DRB.

4. **2006-07 CDBG PROCESS AND APPOINTMENT OF BOARD MEMBERS TO PARTICIPATE** (Chair to appoint members to represent the Housing Board on the CDBG Grant Review Panel.)

Chairman Edwards reported that the Housing Board's consensus has been to stay involved in the CDBG process with the Human Services Commission, indicating that Board Member Morgan and himself represented the Board last year and they need new representatives for the upcoming year.

Board Member Morgan reported that there are three Human Services Commission meetings that need to be attended: January 25, 2007, February 5, 2007, and February 22, 2007. Ms. Register stated that the CDBG Grant goes before City Council for a vote on April 17, 2007.

Ms. Register indicated that Human Services would need to know who would be representing the Housing Board within the next couple of weeks.

In response to Chairman Edward's request for volunteer representatives, Board Members Cantor, Swinick, and Morgan (as an alternate) agreed to volunteer and undertook to confirm their availability on those dates.

5. **DISCUSSION OF PRESENTATION TO THE CITY COUNCIL ON THE CONDOMINIUM CONVERSION REPORT** (Consider presentation points to be made at the City Council Work Study/date to be determined.)

Chairman Edwards reported that the presentation to City Council has been moved to October 24, 2006 at 5:00 p.m. Ms. Register stated that a representative from Phoenix and the Arizona Multi Family Association, and reporter Peter Corbett would be attending the meeting to hear the condominium conversion discussion. She indicated that the City of Phoenix plans on using Scottsdale's meeting to jump-start their condo conversion discussion.

Board Member Leonard pointed out that the City of Phoenix might become a future ally on changing State law regarding condominium conversions.

In response to Board Member Morgan's inquiry about the study session, Ms. Register explained that City Council would not be voting but instead they would hopefully be providing direction to staff or the Legal Department and possibly a

consensus on the topic. She pointed out that the Mayor would be in attendance to find out City Council's stance on the subject and to address this topic if it is deemed a State Legislature problem.

Chairman Edwards commented that the condo conversion market is currently at a lull and everyone is hoping the problem will go away by itself.

Ms. Register stated that the Arizona Town Hall Report brings up a concern that with Arizona's continued growth without denser housing the transportation issue would escalate. Discussion ensued, clarifying that "driving until you qualify to get a house" makes no sense. Other solutions are needed to approach the growth issue in Arizona.

Board Member Cantor reported that the Transportation Committee has discussed whether building a light rail system or expanding the bus system could handle the increased population in Scottsdale.

In response to Board Member Sigismund's inquiry about City Council's agenda, Ms. Register reported that the condominium conversion topic is listed first on the agenda, which will be posted ten days before the meeting. She agreed to send Board Members an e-mail confirming the agenda.

Ms. Register presented a copy of the PowerPoint presentation prepared for the October 24, 2006 Study Session, indicating that the Chairman should direct the presentation, with one or two Board Members providing support by elaborating on specific portions of the presentation. Ms. Register stated that all Board Members could attend and that it would be a televised public meeting.

Discussion followed regarding the presentation and how it should be handled. Ms. Register pointed out that the PowerPoint presenter should not read from the slides but instead provide highlights from the Condo Conversion Report, framing the context of the discussion.

Board Member Leonard pointed out that the slides provide the presenter an opportunity to embellish bullet points, filling in anything that was left out of the Report. The presentation is a catalyst to get City Council to discuss condominium conversions and to come to a conclusion regarding further formal discussions.

Board Member Morgan suggested that the Board address the short list of questions posed by City Council members during their previous individual meetings with Chairman Edwards and Board Member Leonard.

Ms. Register reported that she would have several copies of the report available to the public and press attending the study session. She added that the Board Members should take notes on what Council Members say during the meeting, since the minutes would not be verbatim.

In response to Board Member Cantor's inquiry about the affordable housing legislature vetoed by the Governor last year, Ms. Register reported that she would make an inquiry when she attends the Governor's Conference on Housing next week.

Chairman Edwards suggested that they pick two people to assist with enlarging on the condo conversion presentation comments. Discussion ensued, clarifying that Board Members Morgan, Swinick, and Sigesmund were on the Condo Conversion Report subcommittee.

PRESENTATION POINTS

Conclusion:

Board Member Morgan suggested that on the Conclusion slide they change the first bullet from "Housing Board looking forward to direction from Council" to "the Council should consider formulating a policy statement with respect to Condominium Conversion."

Board Member Leonard opined that they should leave it as it, indicating that it could include a task force to attack the State law or requesting the Housing Board work on affordable housing or City Council passing some sort of resolution at their next meeting.

Board Member Morgan presented three different direction possibilities:

1. Maintain a market atmosphere to maximize tax revenue for the City.
2. Upgrade older properties to improve health, safety, and fire code standards.

Chairman Edwards suggested that this statement also be included under the Zoning and Building Permit Compliance bullet point on the Condo Report Recommendations Short Term slide.

In response to Board Member Sigesmund's comment regarding the roadblock created by A.R.S. 33-1205 mentioned on the Long Term slide, Chairman Edwards suggested that the statute be mentioned "for example,," so that it is not a statement nor a direction, just an example to think about.

3. Increase control of the conversion process to encourage residential development that complements the existing available housing and anticipates the future housing needs of Scottsdale.

The consensus of the Board was to include all three directions. Discussion followed regarding what the Housing Board wants City Council to do such as implementing a policy statement that affects the State law. Board Member Sigesmund pointed out the Housing Board has completed their job by providing short-term and long-term recommendations, and it is up to City Council to continue the condominium conversion discussion, along with providing further action and direction.

Board Member Sigesmund suggested that they include a point regarding the unique opportunity to take advantage of the current lull (six months up to a year) in the market for further action.

Board Member Cantor stated that she would inform Kerry Pena from Channel 3 of the October 24th meeting, and would ask Ms. Register to provide her with a copy of the Report for a future feature story on condo conversions.

List of Previous Council Member Questions:

Board Members Cantor and Morgan recommended that they prepare the list of questions previously brought up by City Council members along with their corresponding answers. Chairman Edwards agreed to have staff prepare the answers to Council's previous questions. Board Member Cantor requested that he include the question "Do condo communities most often use commercial solid waste collection as opposed to using City solid waste collection?"

Real Estate Requirements for Condo CC&Rs:

In response to Board Member Leonard's inquiry, Chairman Edwards stated that there was no real estate requirement for condo CC&Rs. Chairman Edwards indicated that he would email Ms. Bronski requesting clarification of CC&R requirements.

Discussion ensued, clarifying that a management company oversight of condos is not required. Board Member Sigismund stated that it is up to the Board of Directors of the Homeowners' Association to decide whether to self-manage or hire a management company.

Board Member Leonard reported that the City requires the application and the plat, and State law requires the CC&Rs. Board Member Sigismund explained that you can file for a condo conversion, but you cannot sell to the public unless you follow certain criteria, such as CC&Rs.

What Other Cities are Doing to Address the Issue of Condo Conversions:

Chairman Edwards pointed out that they are waiting for the City of Scottsdale to come up with answers regarding condo conversions.

Board Member Swinick suggested that they summarize what people in different cities have told Ms. Register regarding condo conversion.

What would be the Purpose of Capturing Condo Conversion Info in a Database:

Board Members Morgan and Sigismund pointed out that a database is necessary to understand what is happening in the condominium conversion industry in the City. Board Member Morgan indicated that the City cannot go forward with a policy or standard procedure unless they understand the collected data.

Board Member Leonard stated that the database is necessary to measure the impact on citizens of the City, on affordable housing, and on crime. Board Member Cantor stated that condo conversions become a rude awakening when an apartment complex becomes too costly for most people.

Board Member Morgan indicated that they should point out that condo conversions go through the process without scrutiny because of A.R.S. 33-1205.

Closing Comments:

Board Member Sigesmund suggested that the presentation closing comment point out that all the time and effort spent on condo conversions is wasted unless the State statute is resolved through a collective effort of the various cities.

Board Member Leonard pointed out condo conversions upset the balance of housing in the City, because less rental properties are available. The well-being of citizens is not addressed, and the community becomes less attractive to younger people.

Presentation Presenter and Assistants:

Board Member Leonard volunteered to make the presentation to City Council using Chairman Edwards' notes as a guide.

Board Member Morgan agreed to work with Board Member Leonard on preparing colorization of the presentation when he returns from vacation after October 18, 2006, suggesting that they divide up topics to speak about if necessary.

Chairman Edwards pointed out that they already have three possibilities to start with, along with answers to City Council's previous questions. He also indicated that he would try to attend the October 24, 2006 meeting for support.

6. REVIEW BOARD PRIORITIES FOR FUTURE PROJECTS (Vote to determine the priority projects for the Board to pursue in 2006-07.)

Board Member Morgan presented the Board's List of Possible Future Projects including their previous votes on which projects should be pursued next year. Board Member Leonard indicated that #3 had the most votes and #1, #8 and #10 were tied.

Board Member Morgan stated that he would give #10 more credence than #1, since the Board's Five Year Plan indicates that they want to have a signature project. He opined that the order of priority projects should be: #3, #10, and #1. Vice-Chairman Priniski opined that #2 and #3 are basically of equal importance.

Board Member Leonard stated that if they are going ahead with the Condo Conversion Report, the development of a property transfer form is more significant than investigating the creation of a housing trust fund.

Board Member Sigesmund pointed out that they should address #8 in order to create a mechanism that converts a marketplace house into an affordable house. Other Scottsdale departments already cover subsidized housing. He also indicated that if key people such as policemen and firemen are not able to live in the City of Scottsdale, they would find employment elsewhere.

Board Member Leonard stated that a housing trust fund does not normally create affordable housing, but instead provides a vehicle for certain types of people to be able to buy houses. Board Member Swinick pointed out that if the City is not going to create a money source, there would not be such a thing as affordable housing.

Board Member noted that if the Board is going to pursue #8, they should contact other cities to see if they have already prepared a successful model. Board Member

Leonard pointed out that Ed Gawf previously stated that he had already been through this process and that he had some ideas about it.

Board Member Leonard inquired what if City Council decides that affordable housing is a really big issue. Board Member Sigesmund noted that Mayor Manross has stated that affordable housing is on her personal agenda.

Chairman Edwards stated that the City has used the words “diversity of housing stock” comfortably. Board Member Leonard suggested that they could say “balance in housing types” rather than affordable housing.

Board Member Leonard pointed out that they should be focusing on #3 and #1 is something to be handled by staff. They need to distinguish whether #8 should be second and #10 should be third. Board Member Sigesmund pointed out that they should create a housing trust fund before creating a signature project, which is basically working hand in hand with the developer.

Board Member Morgan suggested that they give #8 and #10 equal priority by studying them and then bringing them back to the Board for discussion. Chairman Edwards explained that the actual language of #10 should have been “create a framework to create a signature project,” since the Board is not supposed to be in a role of developing the project itself. Board Member Sigesmund elaborated that if they come up with a positive answer to #8 they could then use that formula to come up for some type of pro forma that would then be #10.

The consensus of the Housing Board was future project priorities shall be as follows:

- 3. Review the City’s General Plan—Housing Element for direction on the future of housing in the community.**
- 8. Investigate the creation of a housing trust fund to assist qualified residents in purchasing a home.**
- 10. Create a framework to create a signature project; for example, modular homes or affordable condos.**

Board Member Morgan explained that he thought that the mobile home park south of SkySong would be a prime possibility for a signature project. Chairman Edwards pointed out that they could be involved at the community/street level contact, should it be marked for redevelopment.

Board Member Sigesmund explained that the City has certain conceptual ideas as to what they would like to see in this area per their General Plan. The Board needs to come up with the mechanics of a successful program to be presented to several developers to get a marketplace reaction, allowing the developers to carry the ball.

Board Member Morgan elaborated that once they work on #3, it will prioritize the rest of the project topics listed. Chairman Edwards pointed out that a general plan would help the Board give Councilmembers focus.

Mr. Keagy reported that on tonight's City Council agenda, #34 was a request from Councilwoman Drake for the scheduling of a work study session to include public comment regarding the Village Planning Committee concept, which is an opportunity to go back to a grassroots level planning function where the community is part of the discussion, rather than the planners just making the decisions for the City.

7. CHAIRPERSON'S REPORT

Chairman Edwards reported that he would be stepping down as Chairman of the Housing Board effective today. A conflict has arisen from a previous commitment made to his church that restricts him from attending future meetings.

Vice-Chairman Priniski pointed out that he would not be able to fill the Chairman position because of time limitations. Chairman Edwards stated that the Board would not have a new member until approximately November.

8. STAFF REPORT (Determine Board Members interested in attending the September 7/8, 2006 Governor's Housing Forum in Tucson.)

In response to Board Member Morgan's inquiry about attendance, Board Members Leonard and Cantor reported that they would be attending the Governor's Housing Forum.

9. FUTURE AGENDA ITEMS

Chairman Edwards requested that Ed Gawf be scheduled for a presentation on the SkySong Phase III revisions at the September meeting.

Board Member Morgan recommended that they add to the retreat agenda, a focus on what the Housing Board's responsibilities and obligations are. Not to change them, but to better understand them or what City Council thinks their commitment is to them.

Board Member Leonard suggested that the September Agenda include the discussion of a Retreat agenda with its recommended presentations and a further discussion of the October 24, 2006 City Council presentation.

Chairman Edwards indicated that he would make sure election of a new Chairperson would be included in the September Agenda. He stated that he enjoyed working with everyone and that the Board is going in the right direction.

10. OPEN CALL TO THE PUBLIC (A.R.S. § 38-431.02)

No members of the public wished to address the Board.

11. ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 6:56 p.m.